

## Message Text

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PAGE 01 STATE 081098

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ORIGIN EB-07

INFO OCT-01 EUR-12 EA-09 IO-11 ISO-00 AGR-10 CEA-01

CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15

STR-04 ITC-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01

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TO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY TOKYO

USMISSION GENEVA

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USDEL MTN GENEVA

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E.O. 11652: N/A

TAGS: ETRD, EC, JA

SUBJECT: EARTHENWARE AND CHINAWARE ARTICLES -- UNITED STATES  
INTERNATIONAL TRADE COMMISSION (USITC) REPORTS ON PROBABLE  
ECONOMIC EFFECT OF TERMINATION OF EXISTING ESCAPE CLAUSE  
TARIFF INCREASES

REF: STATE 281404, NOV. 28, 1975.

1. FOLLOWING IS TEXT OF PERTINENT PART OF USITC PRESS

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PAGE 02 STATE 081098

RELEASE DATED MARCH 31 REPORTING MEMBERSHIP OPINION ON

THE PROBABLE ECONOMIC EFFECT OF THE TERMINATION OF THE  
ESCAPE CLAUSE TARIFF INCREASES APPLYING TO CERTAIN CERAMIC  
TABLEWARE ARTICLES: BEGIN TEXT:

THE UNITED STATES INTERNATIONAL TRADE COMMISSION TODAY  
REPORTED TO THE PRESIDENT THAT, IN ITS OPINION, QUOTE THE  
TERMINATION OF THE IMPORT RELIEF APPLICABLE TO CERTAIN  
CERAMIC TABLEWARE WOULD ADVERSELY AFFECT THE COMPETITIVE  
POSITION OF THE DOMESTIC INDUSTRY PRODUCING EARTHEN TABLE  
AND KITCHEN ARTICLES. END QUOTE IN THE FIRST CASE UNDER  
SECTION 203 OF THE TRADE ACT OF 1974, COMMISSIONERS WILL  
E. LEONARD, DANIEL MINCHEW, GEORGE M. MOORE, CATHERINE  
BEDELL, AND JOSEPH O. PARKER FORMED THE MAJORITY.

COMMISSIONER ITALO H. ABLONDI DISSENTED.

THE COMMISSION'S INVESTIGATION FOLLOWED RECEIPT OF A  
PETITION FILED BY THE AMERICAN DINNERWARE EMERGENCY  
COMMITTEE ON OCTOBER 30, 1975. THE PETITION REQUESTED  
THE CONTINUATION OF THE IMPORT RELIEF SCHEDULED TO  
TERMINATE ON APRIL 30, 1976. RELIEF IN THE FORM OF  
INCREASED RATES OF DUTY WAS GRANTED BY PRESIDENTIAL PROC-  
LAMATION IN APRIL 1972. IT HAS GENERALLY BEEN EFFECTIVE  
IN ASSISTING THE DOMESTIC INDUSTRY TO ADJUST TO IMPORT  
COMPETITION. HOWEVER, CERTAIN UNFORESEEN FACTORS HAVE  
DELAYED COMPLETE ADJUSTMENT.

IMPORTS OF THESE ITEMS, WHICH ARE SUBJECT TO IMPORT  
RELIEF, HAVE DECREASED SUBSTANTIALLY SINCE THE IMPOSITION  
OF THE ESCAPE-CLAUSE RATES. HOWEVER, CURRENCY REVALUATION,  
FOREIGN INFLATION, AND INCREASES IN ENERGY COSTS HAVE  
RESULTED IN CERTAIN ARTICLES, ORIGINALLY SUBJECT TO THE  
ESCAPE-CLAUSE RATES, BEING PRICED OUT OF THE ESCAPE-CLAUSE  
RANGES.

IT IS EXPECTED HOWEVER, THAT THE TERMINATION OF IMPORT  
RELIEF AT THIS TIME WOULD PROBABLY RESULT IN INCREASED  
IMPORTS OF EARTHEN AND CHINA TABLE AND KITCHEN ARTICLES.

PRODUCTION CENTERS OF EARTHEN TABLE AND KITCHEN ARTICLES  
ARE LOCATED PRIMARILY IN OHIO, WEST VIRGINIA, CALIFORNIA,  
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PAGE 03 STATE 081098

AND PENNSYLVANIA. MORE THAN 5,000 JOBS WERE PROVIDED BY  
THE INDUSTRY IN 1975.

THE VOLUME OF IMPORTS AFFECTED BY THIS IMPORT RELIEF WAS  
\$6.9 MILLION OUT OF \$78.1 MILLION WORTH OF IMPORTS OF  
EARTHEN TABLE AND KITCHEN ARTICLES IN 1975.

AFTER TAKING INTO ACCOUNT THE ADVICE OF THE COMMISSION,

UNDER SECTION 203 OF THE TRADE ACT, THE PRESIDENT MAY  
EXTEND IMPORT RELIEF FOR ONE 3-YEAR PERIOD. THE RELIEF  
CANNOT EXCEED THE LEVEL CURRENTLY IN EFFECT. END TEXT.

2. EXECUTIVE AGENCIES WILL ANALYZE REPORT AND FORMULATE  
A RECOMMENDATION TO THE PRESIDENT.

3. COPIES USITC REPORT WILL BE AIRPOUCHED ASAP.

4. US MISSION OECD INFORM THE OECD SECRETARIAT. US  
MISSION GENEVA NOTIFY THE GATT SECRETARIAT REQUESTING  
THAT THE NOTIFICATION BE CIRCULATED FOR THE INFORMATION  
OF THE CONTRACTING PARTIES. KISSINGER

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